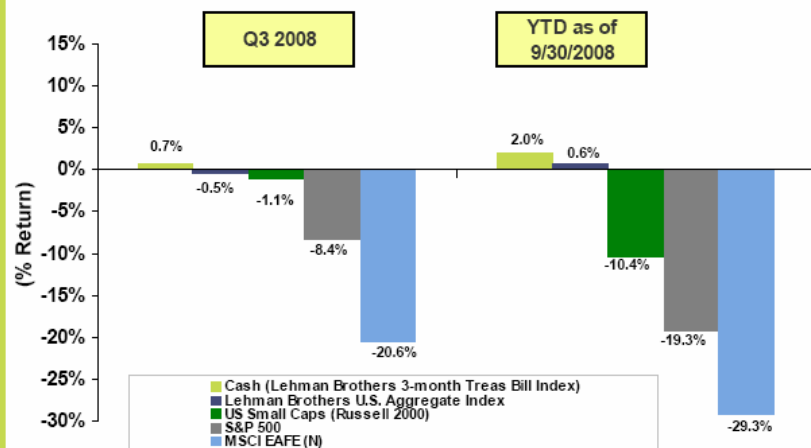


NDPERS  
401(a)  
Defined Contribution  
Quarterly Report  
3<sup>rd</sup> Quarter  
7/1/2008 – 9/30/2008



North Dakota Public Employees Retirement System  
400 E Bdwy, Suite 505  
Box 1657  
Bismarck, ND 58502

## YTD 2008 Market Performance

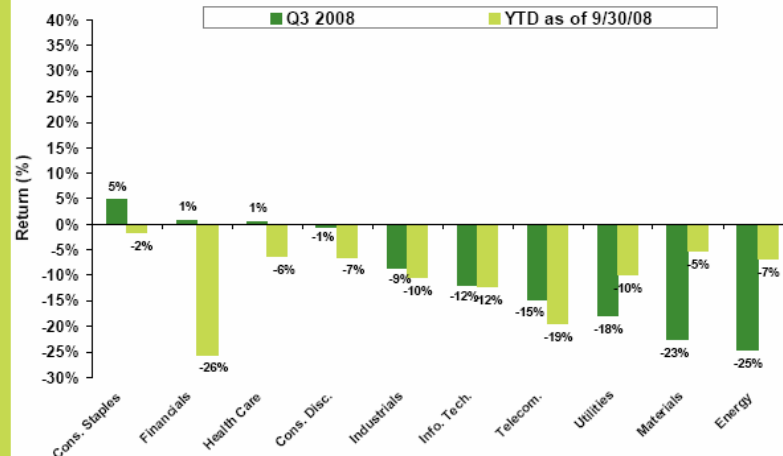


Past performance is no guarantee of future results.

Source: Data as of 9/30/08. All indices are unmanaged and performance of the indices include reinvestment of dividends and interest income. Returns do not consider the effect of taxes and advisory fees and an investment cannot be made in an index. Please see the end of this presentation for important index definitions.

4

## US Equity Market: Sectors

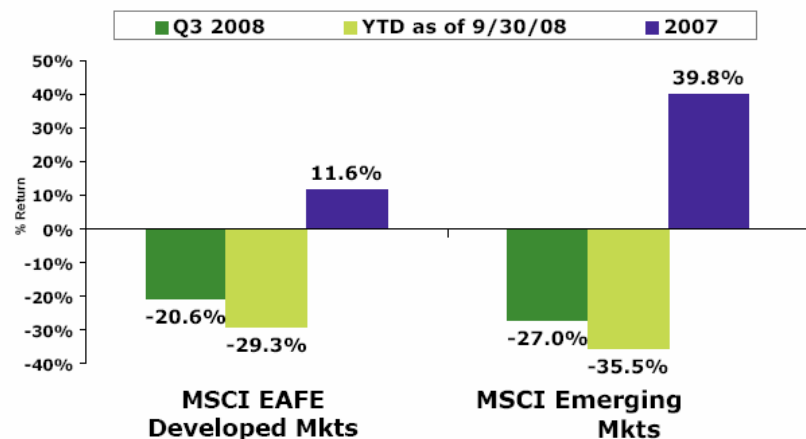


Past performance does not guarantee future results.

Source: Factset. S&P 500 sectors as of 9/30/08. Securities indexes are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Index returns assume the reinvestment of dividends and interest income. Please see the end of this presentation for important index definitions.

5

## International Equity Markets

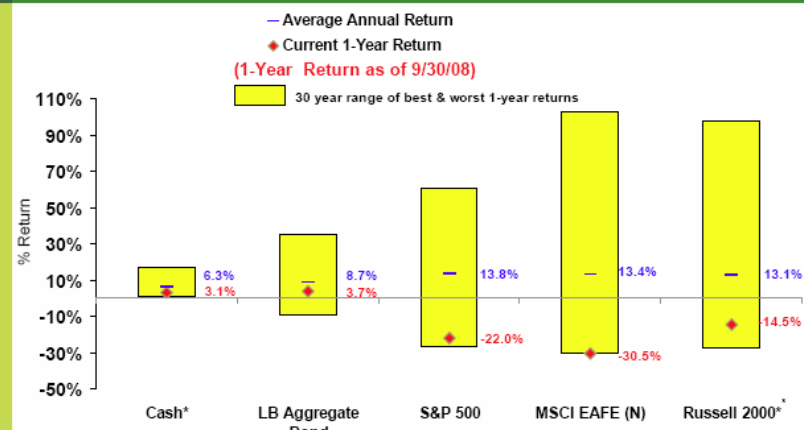


Past performance is no guarantee of future results.

Source: Factset. as of 9/30/08. Securities indexes are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Index returns assume the reinvestment of dividends and interest income. Investments cannot be made directly in a broad-based securities index. Please see the index Definitions page for important index information.

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## Current Markets in Historical Context as of 9/30/08



Past performance does not guarantee future results.

Source: FMR Co.

\*Cash represented by Ibbotson 30-Day T-Bill (Dec-77 to Nov-81) and LB 3-Month T-Bill (Dec-81 to Sep-08)

Securities indexes are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Index returns assume the reinvestment of dividends and interest income. Please see the end of this presentation for important index definitions.

Average Annual 1-Year Return as of 9/30/08. You cannot invest directly in an index.

\*\*30 years of data unavailable for Russell 2000; Data drawn from Dec-80 through Sep-08.

8

NDPERS 401(a) Defined Contribution Plan & 457 Companion Plan - Fidelity

INITIAL OFFERING:

Fidelity Equity-Income Mutual Shares A	Fidelity Spartan US Equity Index Fidelity Dividend Growth	Fidelity Growth Company Fidelity Blue Chip Growth	LARGE
Goldman Sachs Mid Cap Value	Dreyfus Mid Cap Index Fidelity Spartan Ext Mkt Index	Fidelity Mid Cap Stock	MEDIUM
Allianz NFJ Small Cap Value	Dreyfus Small Cap Index	MSIF Small Co Growth B	SMALL
VALUE	BLEND	GROWTH	

BALANCED FUND: Fidelity Puritan Fund  
INCOME FUNDS: Fidelity Managed Income Portfolio  
BOND FUNDS: PIMCO Total Return Bond Fund  
INTERNATIONAL FUNDS: Fidelity Diversified International (Blend Bias)

LIFESTYLE FUNDS: Fidelity Freedom Income  
Fidelity Freedom 2000 Fidelity Freedom 2015 Fidelity Freedom 2030  
Fidelity Freedom 2005 Fidelity Freedom 2020 Fidelity Freedom 2035  
Fidelity Freedom 2010 Fidelity Freedom 2025 Fidelity Freedom 2040, 2045 & 2050

FUND STYLE CHANGES:

			LARGE
	Goldman Sachs Mid Cap Value	Fidelity Spartan Ext Mkt Index	MEDIUM
			SMALL
VALUE	BLEND	GROWTH	

INCOME FUNDS:  
BOND FUNDS:  
INTERNATIONAL FUNDS: Fidelity Diversified International (Growth Bias)  
BALANCED FUNDS:  
LIFESTYLE FUNDS:

CURRENT LINEUP:

Fidelity Equity-Income Mutual Shares A	Fidelity Spartan US Equity Index Fidelity Dividend Growth	Fidelity Growth Company Fidelity Blue Chip Growth	LARGE
	Dreyfus Mid Cap Index Goldman Sachs Mid Cap Value	Fidelity Mid Cap Stock Fidelity Spartan Ext Mkt Index	MEDIUM
Allianz NFJ Small Cap Value	Dreyfus Small Cap Index	MSIF Small Co Growth B	SMALL
VALUE	BLEND	GROWTH	

BALANCED FUND: Fidelity Puritan Fund  
INCOME FUNDS: Fidelity Managed Income Portfolio  
BOND FUNDS: PIMCO Total Return Bond Fund  
INTERNATIONAL FUNDS: Fidelity Diversified International (Growth Bias)

LIFESTYLE FUNDS: Fidelity Freedom Income  
Fidelity Freedom 2000 Fidelity Freedom 2015 Fidelity Freedom 2030  
Fidelity Freedom 2005 Fidelity Freedom 2020 Fidelity Freedom 2035  
Fidelity Freedom 2010 Fidelity Freedom 2025 Fidelity Freedom 2040, 2045 & 2050

## NDPERS Investment Benchmarks - 3rd Quarter 2008

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Stable Value Fund</u>					
<b>Fidelity Managed Income Portfolio</b>	<b>0.83%</b>	<b>2.99%</b>	<b>4.14%</b>	<b>4.13%</b>	<b>4.08%</b>
GIC 5 Year	0.98%	2.93%	3.91%	4.62%	5.46%
<u>Fixed Income Fund</u>					
<b>PIMCO Total Return Bond Fund - PTRAX</b>	<b>-2.13%</b>	<b>-0.33%</b>	<b>3.51%</b>	<b>4.15%</b>	<b>4.05%</b>
Lehman Aggregate Bond Index	-0.49%	0.63%	3.65%	4.15%	3.78%
Taxable Bond Fund Universe	-2.20%	-2.55%	-1.44%	1.94%	1.72%
<u>Balanced Fund</u>					
<b>Fidelity Puritan - FPURX</b>	<b>-9.09%</b>	<b>-16.17%</b>	<b>-17.13%</b>	<b>1.44%</b>	<b>5.18%</b>
60% Large Cap Value Univ & 40% Taxable Bond Universe	-5.81%	-13.04%	-15.61%	0.21%	3.72%
60% Russell 3000 Value & 40% Lehman Agg Bond Index	-3.35%	-10.45%	-12.16%	1.80%	5.89%
<u>Large Cap Equities - Value</u>					
<b>Fidelity Equity-Income - FEQIX</b>	<b>-10.92%</b>	<b>-23.81%</b>	<b>-28.47%</b>	<b>-1.57%</b>	<b>4.49%</b>
<b>Franklin Mutual Shares A - TESIX</b>	<b>-6.82%</b>	<b>-20.35%</b>	<b>-22.27%</b>	<b>-0.20%</b>	<b>6.17%</b>
Russell 1000 Value Index	-6.11%	-18.85%	-23.56%	0.09%	7.12%
Large Cap Value Fund Universe	-8.22%	-20.03%	-25.05%	-0.94%	5.06%
<u>Large Cap Equities - Blend</u>					
<b>Fidelity Spartan US Equity Index - FUSEX</b>	<b>-8.39%</b>	<b>-19.32%</b>	<b>-22.04%</b>	<b>0.16%</b>	<b>5.08%</b>
<b>Fidelity Dividend Growth - FDGFX &lt; Under Review 3/2007 &gt;</b>	<b>-10.68%</b>	<b>-22.14%</b>	<b>-26.66%</b>	<b>-2.28%</b>	<b>1.73%</b>
S&P 500 Index	-8.37%	-19.29%	-21.98%	0.22%	5.17%
Large Cap Blend Fund Universe	-10.82%	-20.63%	-23.81%	-0.63%	4.28%
<u>Large Cap Equities - Growth</u>					
<b>Fidelity Growth Company - FDGRX</b>	<b>-18.31%</b>	<b>-22.78%</b>	<b>-22.14%</b>	<b>2.47%</b>	<b>7.17%</b>
Russell 3000 Growth Index	-11.93%	-19.90%	-20.60%	0.15%	3.96%
<b>Fidelity Blue Chip Growth - FBGRX &lt; Under Review 3/2007 &gt;</b>	<b>-9.22%</b>	<b>-18.41%</b>	<b>-18.93%</b>	<b>-0.34%</b>	<b>3.13%</b>
Russell 1000 Growth Index	-12.33%	-20.27%	-20.88%	0.04%	3.74%
Large Cap Growth Fund Universe	-15.03%	-23.60%	-25.02%	-1.28%	3.25%
<u>Mid Cap Equities - Value</u>					
<b>Goldman Sachs Mid Cap Value - GCMAX</b>	<b>-13.78%</b>	<b>-16.97%</b>	<b>-19.58%</b>	<b>-0.19%</b>	<b>9.67%</b>
Russell Mid Cap Value	-7.52%	-15.46%	-20.50%	0.51%	9.97%
Mid Cap Value Fund Universe	-9.33%	-17.47%	-22.98%	-0.87%	6.79%
<u>Mid Cap Equities - Blend</u>					
<b>Dreyfus Mid Cap Index - PESPX</b>	<b>-10.96%</b>	<b>-14.57%</b>	<b>-16.94%</b>	<b>1.38%</b>	<b>8.20%</b>
S&P Mid Cap 400	-10.87%	-14.34%	-16.68%	1.78%	8.65%
<b>Fidelity Spartan Extended Mkt Index - FSEMX</b>	<b>-9.42%</b>	<b>-16.43%</b>	<b>-19.12%</b>	<b>1.42%</b>	<b>8.41%</b>
Wilshire 4500 Index	-9.99%	-17.05%	-19.77%	1.15%	8.28%
Mid Cap Blend Fund Universe	-12.25%	-19.11%	-23.38%	-0.60%	6.13%
<u>Mid Cap Equities - Growth</u>					
<b>Fidelity Mid Cap Stock - FMCSX</b>	<b>-24.05%</b>	<b>-26.41%</b>	<b>-30.48%</b>	<b>-1.40%</b>	<b>5.37%</b>
Russell Mid Cap Growth	-17.75%	-23.35%	-24.65%	-0.75%	6.53%
Mid Cap Growth Fund Universe	-17.55%	-24.91%	-27.04%	-0.95%	5.19%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

## NDPERS Investment Benchmarks - 3rd Quarter 2008

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Small Cap Equities - Value</u>					
<b>Allianz NFJ Small Cap Value - PVADX</b>	<b>-4.57%</b>	<b>-6.79%</b>	<b>-10.26%</b>	<b>4.92%</b>	<b>12.86%</b>
Russell 2000 Value Index	-4.96%	-5.37%	-12.25%	2.00%	9.45%
Small Value Fund Universe	-2.34%	-10.42%	-18.30%	-0.44%	7.23%
<u>Small Cap Equities - Blend</u>					
<b>Dreyfus Small Cap Index - DISSX</b>	<b>-0.66%</b>	<b>-7.92%</b>	<b>-13.90%</b>	<b>1.71%</b>	<b>9.54%</b>
Russell 2000 Index	-1.11%	-10.38%	-14.48%	1.83%	8.15%
S & P 600 Index	-0.85%	-7.88%	-13.82%	2.00%	9.89%
Small Blend Fund Universe	-6.79%	-15.07%	-21.41%	-0.56%	6.91%
<u>Small Cap Equities - Growth</u>					
<b>MSI Small Co Growth B - MSSMX</b>	<b>-12.94%</b>	<b>-24.54%</b>	<b>-28.32%</b>	<b>-3.27%</b>	<b>5.43%</b>
Russell 2000 Growth Index	-6.99%	-15.29%	-17.07%	1.45%	6.64%
Small Growth Fund Universe	-11.33%	-21.50%	-25.66%	-1.56%	4.50%
<u>International Equity Funds</u>					
<b>Fidelity Diversified International - FDIVX</b>	<b>-20.84%</b>	<b>-28.50%</b>	<b>-28.79%</b>	<b>2.25%</b>	<b>10.43%</b>
MSCI EAFE	-20.56%	-29.16%	-30.39%	1.28%	9.91%
International Stock Fund Universe	-20.22%	-29.60%	-31.43%	1.20%	8.71%
<u>Asset Allocation Funds:</u>					
<b>Fidelity Freedom Income - FFFAX</b>	<b>-3.92%</b>	<b>-5.29%</b>	<b>-5.21%</b>	<b>2.29%</b>	<b>3.13%</b>
Income Benchmark	-2.21%	-3.42%	-2.54%	3.20%	3.97%
<b>Fidelity Freedom 2000 - FFFBX</b>	<b>-4.38%</b>	<b>-6.35%</b>	<b>-6.43%</b>	<b>2.23%</b>	<b>3.37%</b>
2000 Benchmark	-2.75%	-4.51%	-3.85%	3.03%	4.14%
<b>Fidelity Freedom 2005 - FFFVX</b>	<b>-8.22%</b>	<b>-12.69%</b>	<b>-13.19%</b>	<b>1.48%</b>	<b>N/A</b>
2005 Benchmark	-5.73%	-9.82%	-9.79%	2.34%	5.11%
<b>Fidelity Freedom 2010 - FFFCX</b>	<b>-8.62%</b>	<b>-13.09%</b>	<b>-13.60%</b>	<b>1.46%</b>	<b>4.23%</b>
2010 Benchmark	-6.13%	-10.53%	-10.59%	2.25%	5.24%
<b>Fidelity Freedom 2015 - FFFVX</b>	<b>-9.15%</b>	<b>-14.30%</b>	<b>-14.97%</b>	<b>1.55%</b>	<b>N/A</b>
2015 Benchmark	-6.69%	-11.55%	-11.80%	2.08%	5.39%
<b>Fidelity Freedom 2020 - FFFDX</b>	<b>-10.77%</b>	<b>-17.07%</b>	<b>-18.08%</b>	<b>1.15%</b>	<b>5.27%</b>
2020 Benchmark	-8.26%	-14.45%	-15.31%	1.62%	5.82%
<b>Fidelity Freedom 2025 - FFFWX</b>	<b>-11.24%</b>	<b>-17.92%</b>	<b>-19.01%</b>	<b>0.97%</b>	<b>N/A</b>
2025 Benchmark	-8.72%	-15.34%	-16.38%	1.49%	5.96%
<b>Fidelity Freedom 2030 - FFFEX</b>	<b>-12.36%</b>	<b>-20.12%</b>	<b>-21.47%</b>	<b>0.65%</b>	<b>5.53%</b>
2030 Benchmark	-9.77%	-17.48%	-19.06%	1.14%	6.26%
<b>Fidelity Freedom 2035 - FFFTHX</b>	<b>-12.65%</b>	<b>-20.55%</b>	<b>-22.01%</b>	<b>0.51%</b>	<b>N/A</b>
2035 Benchmark	-10.05%	-18.05%	-19.74%	1.07%	6.36%
<b>Fidelity Freedom 2040 - FFFFX</b>	<b>-13.09%</b>	<b>-21.21%</b>	<b>-22.69%</b>	<b>0.41%</b>	<b>N/A</b>
2040 Benchmark	-10.48%	-18.77%	-20.70%	0.90%	6.42%
<b>Fidelity Freedom 2045 - FFFGX</b>	<b>-13.03%</b>	<b>-21.46%</b>	<b>-23.06%</b>	<b>N/A</b>	<b>N/A</b>
2040 Benchmark	-10.68%	-19.07%	-21.04%	0.88%	6.48%
<b>Fidelity Freedom 2050 - FFFHX</b>	<b>-13.73%</b>	<b>-22.47%</b>	<b>-24.10%</b>	<b>N/A</b>	<b>N/A</b>
2040 Benchmark	-11.17%	-19.86%	-21.97%	0.78%	6.62%

Income Benchmark is comprised of 20% Wilshire 5000, 35% LB Agg, 5% ML HY Bond, 40% 3 Month T-Bill

2000 Benchmark is comprised of 24% Wilshire 5000, 1% MSCI EAFE, 32% LB Agg, 5% ML HY Bond, 38% 3 Month T-Bill

2005 Benchmark is comprised of 38% Wilshire 5000, 9% MSCI EAFE, 35% LB Agg, 5% ML HY Bond, 13% 3 Month T-Bill

2010 Benchmark is comprised of 40% Wilshire 5000, 10% MSCI EAFE, 35% LB Agg, 5% ML HY Bond, 10% 3 Month T-Bill

2015 Benchmark is comprised of 43% Wilshire 5000, 11% MSCI EAFE, 33% LB Agg, 6% ML HY Bond, 7% 3 Month T-Bill

2020 Benchmark is comprised of 52% Wilshire 5000, 14% MSCI EAFE, 25% LB Agg, 8% ML HY Bond, 1% 3 Month T-Bill

2025 Benchmark is comprised of 55% Wilshire 5000, 15% MSCI EAFE, 22% LB Agg, 8% ML HY Bond

2030 Benchmark is comprised of 63% Wilshire 5000, 17% MSCI EAFE, 12% LB Agg, 8% ML HY Bond

2035 Benchmark is comprised of 65% Wilshire 5000, 18% MSCI EAFE, 10% LB Agg, 7% ML HY Bond

2040 Benchmark is comprised of 67% Wilshire 5000, 18% MSCI EAFE, 5% LB Agg, 10% ML HY Bond

2045 Benchmark is comprised of 67% Wilshire 5000, 19% MSCI EAFE, 4% LB Agg, 10% ML HY Bond

2050 Benchmark is comprised of 68% Wilshire 5000, 21% MSCI EAFE, 1% LB Agg, 10% ML HY Bond

Wilshire 5000 Index	-8.67%	-18.64%	-21.26%	0.56%	6.00%
MSCI EAFE	-20.56%	-29.16%	-30.39%	1.28%	9.91%
Lehman Aggregate Bond Index	-0.49%	0.63%	3.65%	4.15%	3.78%
ML High Yield Bond Fund Index	-9.48%	-10.64%	-11.68%	0.91%	4.26%
3 Month T-Bill Index	0.43%	1.54%	2.55%	3.98%	3.09%
Russell 3000 Value Index	-5.26%	-17.84%	-22.70%	0.24%	7.29%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

## NDPERS Mutual Fund Research - 9/30/2008

### Large Value

Large Value												Manager	Expense		Median	Morn-Star	Category Rank			Average Return				Standard=S&P 500 Index			Standard	Sharpe
Fund	Symbol	Assets	Inception	Tenure	Ratio	Stocks	Turnover	P/E		Mkt Cap	Rating	3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio					
Fidelity Puritan	FPURX	19.6 Billion	4/16/1947	3 Years	0.59%	3010	70%	15.4		38.0 Bil	4-Stars	30	29	-9.09	-17.13	1.44	5.18	4.98				8.62	-0.26					
Fidelity Equity-Income	FEQIX	23.5 Billion	5/16/1966	14 Years	0.66%	278	23%	11.9		43.1 Bil	3-Stars	66	73	-10.92	-28.47	-1.57	4.49	4.17		96	1.08	-1.38	12.62	-0.38				
Franklin Mutual Shares A	TESIX	18.6 Billion	11/11/1996	Team	1.06%	301	41%	11.2		23.9 Bil	4-Stars	48	30	-6.82	-22.27	-0.20	6.17	7.76		84	0.91	-0.62	10.12	0.00				

### Large Blend

Large Blend													Average Return				Standard=S&P 500 Index			Standard	Sharpe		
Fund	Symbol	Assets	Inception	Manager	Expense	Ratio	Stocks	Turnover	P/E	Median	Morn-Star	Category Rank			1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Fidelity Spartan US Equity Index	FUSEX	23.6 Billion	3/6/1990	Team	0.09%	503	7%	13.5		47.7 Bil	3-Stars	35	39	-8.39	-22.04	0.16	5.08	2.94	100	1.00	-0.06	11.39	-0.28
Fidelity Dividend Growth <Under Review>	FDGFX	8.0 Billion	4/27/1993	11 Years	0.60%	96	36%	13.0		42.0 Bil	2-Stars	91	95	-10.68	-26.66	-2.28	1.73	3.15	92	1.03	-2.30	12.29	-0.46
Fidelity Diversified International	FDIVX	38.6 Billion	12/27/1991	7 Years	0.91%	396	51%	13.1		30.4 Bil	4-Stars	38	21	-20.84	-28.79	2.25	10.43	9.73				15.99	-0.03

### Large Growth

Large Growth													Average Return				Standard=S&P 500 Index				Standard	Sharpe	
Fund	Symbol	Assets	Inception	Manager	Expense	Ratio	Stocks	Turnover	P/E	Median	Morn-Star	Category Rank			1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Fidelity Growth Company	FDGRX	30.0 Billion	1/17/1983	11 Years	0.93%	325	49%	18.7		22.0 Bil	4-Stars	15	14	-18.31	-22.14	2.47	7.17	6.33	75	1.20	3.42	15.62	-0.02
Fidelity Blue Chip Growth <Under Review>	FBGRX	12.1 Billion	12/31/1987	1 Years	0.59%	134	87%	17.0		37.0 Bil	3-Stars	38	57	-9.22	-18.93	-0.34	3.13	1.28	90	1.00	-0.47	12.00	-0.30

### Medium Value

Medium Value													Average Return				Standard=S&P 500 Index				Standard	Sharpe			
Fund	Symbol	Assets	Inception	Manager	Expense	Ratio	Stocks	Turnover	P/E	Median	Morn-Star	Category Rank					1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
				Tenure						Mkt Cap	Rating	3 - Year	5 - Year	3-month											
Goldman Sachs Mid Cap Value	GCMAX	5.9 Billion	8/15/1997	Team	1.16%		117	74%	13.3	7.6 Bil	3-Stars	42	17	-13.78			-19.58	-0.19	9.67	10.60	83	1.07	0.02	13.24	-0.25

### Medium Blend

Medium Blend																							
Fund	Symbol	Assets	Inception	Manager	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index				Standard	Sharpe
				Tenure							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio	
Dreyfus Mid Cap Index	PESPX	2.0 Billion	6/19/1991	8 Years	0.50%	403	23%	15.4	3.3 Bil	4-Stars	32	33	-10.96	-16.94	1.38	8.20	9.74	83	1.10	1.74	13.64	-0.13	
Fidelity Spartan Extended Mkt Index	FSEMX	3.0 Billion	11/5/1997	Team	0.09%	3489	17%	16.1	2.9 Bil	3-Stars	19	27	-9.42	-19.12	1.42	8.41	6.80	85	1.10	1.77	13.57	-0.12	

### Medium Growth

Medium Growth													Average Return										Standard=S&P 500 Index				Standard	Sharpe
Fund	Symbol	Assets	Inception	Manager	Expense					Median	Morn-Star	Category Rank						1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio		
				Tenure	Ratio	Stocks	Turnover	P/E		Mkt Cap	Rating	3 - Year	5 - Year	3-month														
Fidelity Mid-Cap Stock	FMCSX	9.4 Billion	3/29/1994	3 Years	0.94%	155	45%	16.0		6.9 Bil	3-Stars	69	64	-24.04														
																		</										

### Small Value

Small Value																								
Fund	Symbol	Assets	Inception	Manager	Expense					Median	Morn-Star	Category Rank		Average Return				Standard=S&P 500 Index				Standard	Sharpe	
				Tenure	Ratio	Stocks	Turnover	P/E		Mkt Cap	Rating	3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio	
Allianz NFJ Small Cap Value Admin	PVADX	4.7 Billion	11/1/1995	Team	1.07%	123	27%	12.9		1.7 Bil	5-Stars	6	2	-4.57	-10.26	4.92	12.86	12.29		75	0.93	4.44	12.09	0.13

### Small Blend

Small Blend													Average Return				Standard=S&P 500 Index				Standard	Sharpe
Fund	Symbol	Assets	Inception	Manager	Expense				Median	Morn-Star	Category Rank			1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
				Tenure	Ratio	Stocks	Turnover	P/E	Mkt Cap	Rating	3 - Year	5 - Year	3-month									
Dreyfus Small Cap Index	DISSX	907 Million	6/30/1997	8 Years	0.50%	602	25%	16.3	1.1 Bil	4-Stars	25	22	-0.66	-13.90	1.71	9.54	9.62	72	0.99	1.66	13.20	-0.11

### Small Growth

Small Growth																									
Fund	Symbol	Assets	Inception	Manager	Expense	Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return					Standard=S&P 500 Index				Standard	Sharpe
				Tenure								3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio		
Morgan Stanley Small Cap Growth B	MSSMX	1.3 Billion	1/2/1996	Team	1.26%	66	76%	22.8		1.2 Bil	3-Stars	75	46	-12.94	-28.32	-3.27	5.43	9.73		77	1.19	-2.44	15.32	-0.41	

Lifestyle / Others

Fund	Symbol	Assets	Inception	Manager	Expense Ratio	Holdings	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard	Sharpe
				Tenure							3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Fidelity Managed Income Portfolio		8.1 Billion	9/7/1989	15 Years	0.55%								0.83	4.14	4.13	4.08	4.78	N/A	N/A	N/A		
PIMCO Total Return Bond Fund	PTRAX	130.0 Billion	9/8/1994	21 Years	0.68%	15208	257%			5-Stars	5	3	-2.13	3.51	4.15	4.05	5.49	N/A	N/A	N/A	4.09	0.04
Fidelity Freedom Income	FFFAX	2.5 Billion	10/17/1996	3 Years	0.49%	21	33%	16.2	42.7 Bil	3-Stars	14	44	-3.92	-5.21	2.29	3.13	4.06	N/A	N/A	N/A	3.45	-0.51
Fidelity Freedom 2000	FFFBX	1.7 Billion	10/17/1996	3 Years	0.51%	26	36%	16.2	37.7 Bil	4-Stars	20	38	-4.38	-6.43	2.23	3.37	4.53	N/A	N/A	N/A	4.02	-0.45
Fidelity Freedom 2005	FFFBVX	1.0 Billion	11/6/2003	3 Years	0.64%	26	31%	16.6	35.1 Bil	3-Stars	50	N/A	-8.22	-13.19	1.48	N/A	N/A	N/A	N/A	N/A	7.07	-0.33
Fidelity Freedom 2010	FFFCX	12.6 Billion	10/17/1996	3 Years	0.65%	26	34%	16.5	35.1 Bil	4-Stars	52	33	-8.62	-13.60	1.46	4.23	5.12	N/A	N/A	N/A	7.31	-0.32
Fidelity Freedom 2015	FFVFX	7.2 Billion	11/6/2003	3 Years	0.67%	26	24%	16.6	35.1 Bil	4-Stars	14	N/A	-9.15	-14.97	1.55	N/A	N/A	N/A	N/A	N/A	8.08	-0.27
Fidelity Freedom 2020	FFFDX	18.5 Billion	10/17/1996	3 Years	0.72%	26	35%	16.6	25.4 Bil	4-Stars	30	10	-10.77	-18.08	1.15	5.27	5.17	N/A	N/A	N/A	9.65	-0.25
Fidelity Freedom 2025	FFTWX	6.8 Billion	11/6/2003	3 Years	0.73%	23	24%	16.5	35.1 Bil	5-Stars	38	N/A	-11.24	-19.01	0.97	N/A	N/A	N/A	N/A	N/A	10.09	-0.26
Fidelity Freedom 2030	FFFEX	12.5 Billion	10/17/1996	3 Years	0.76%	23	36%	16.6	25.2 Bil	4-Stars	9	14	-12.36	-21.47	0.65	5.53	4.84	N/A	N/A	N/A	11.36	-0.24
Fidelity Freedom 2035	FFTHX	4.0 Billion	11/6/2003	3 Years	0.77%	23	28%	16.5	35.1 Bil	4-Stars	14	N/A	-12.65	-22.01	0.51	N/A	N/A	N/A	N/A	N/A	11.54	-0.25
Fidelity Freedom 2040	FFFFX	6.6 Billion	9/6/2000	3 Years	0.78%	23	37%	16.6	26.8 Bil	4-Stars	17	10	-13.09	-22.69	0.41	5.76	N/A	N/A	N/A	N/A	11.97	-0.24
Fidelity Freedom 2045	FFFGX	0.8 Billion	9/6/2006	3 Years	0.78%	23	17%	16.3	26.8 Bil	N/A	N/A	N/A	-13.03	-23.06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fidelity Freedom 2050	FFFHX	0.7 Billion	9/6/2006	3 Years	0.80%	23	16%	16.4	26.8 Bil	N/A	N/A	N/A	-13.73	-24.10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**R-squared** - This compares a fund's performance to a given index. If R-squared is 100, the fund moves in lockstep with the index to which it is being compared. Generally, a higher R-squared will indicate a more useful beta figure. If the R-squared is lower, then the beta is less relevant to the fund's performance.

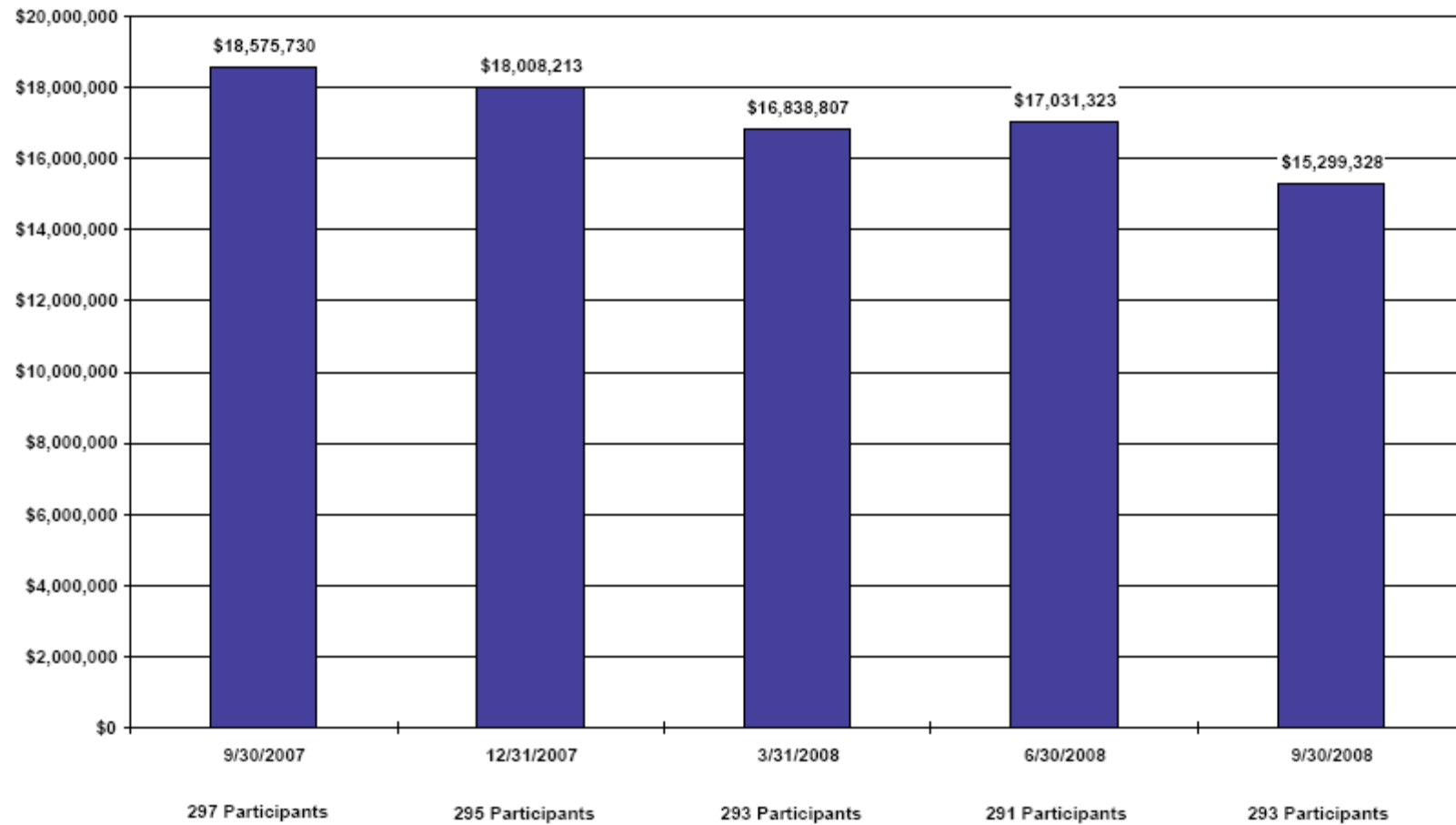
**Beta** - This compares a fund's volatility to a given index. If beta is greater than 1, the fund is more volatile than the index to which it is being compared. If beta is lower than 1, the fund is less volatile than the index. If a fund's R-squared is low, beta is less reliable as a predictor of volatility.

**Alpha** - This is a measure of risk-adjusted performance. The higher a fund's alpha, the better it has done. A fund's alpha is only reliable when its R-squared is relatively high.

**Standard Deviation** - The higher this number is, the more volatile the fund's returns have been. It indicates how much the fund has deviated from its mean total return over the past three years.

**Sharpe Ratio** - This measure combines standard deviation and mean total return to show a risk-adjusted measure of the fund's performance. The higher this number is, the better. As a rule of thumb, a Sharpe ratio of more than 1.00 is very good.

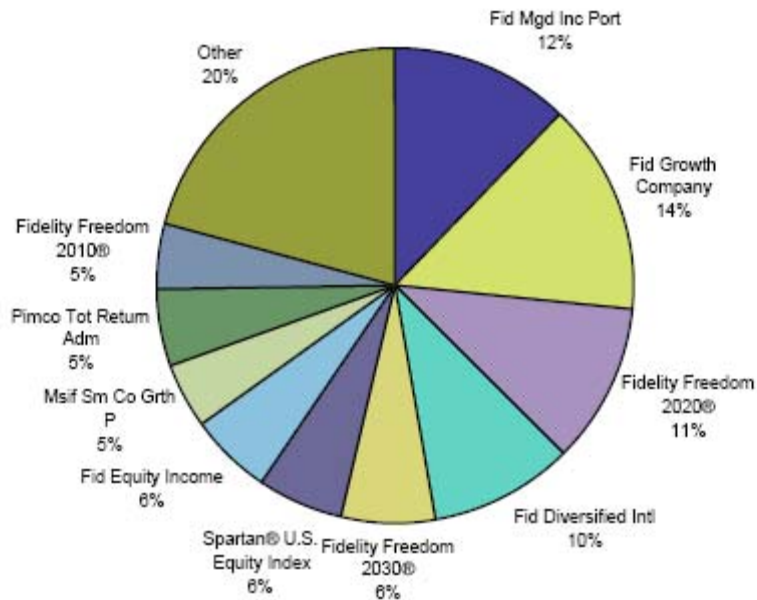
# Plan Assets Under Management at Fidelity





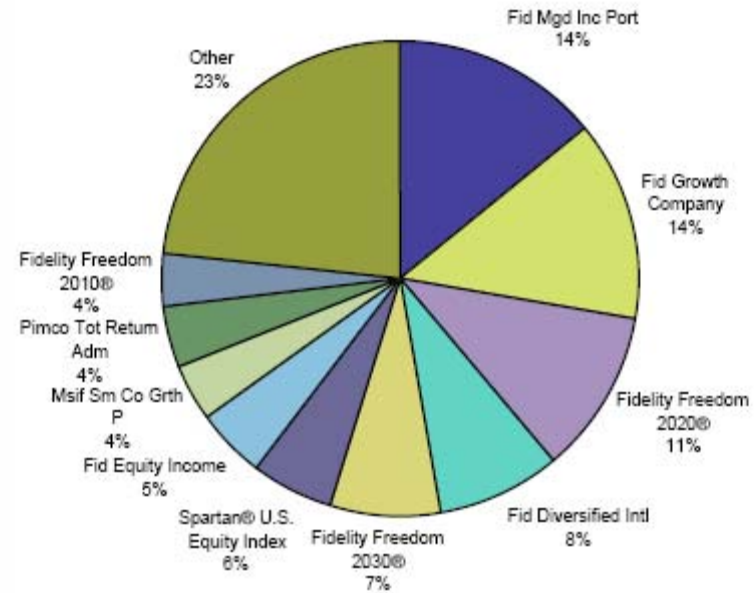
# Asset Allocation by Fund

as of 10/1/2007



Total Market Value: \$18,575,730

as of 9/30/2008

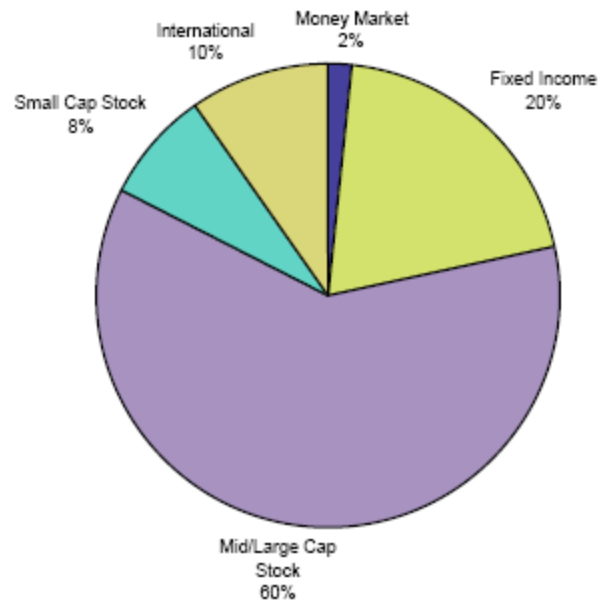


Total Market Value: \$15,299,328

# Comparative Asset Allocation

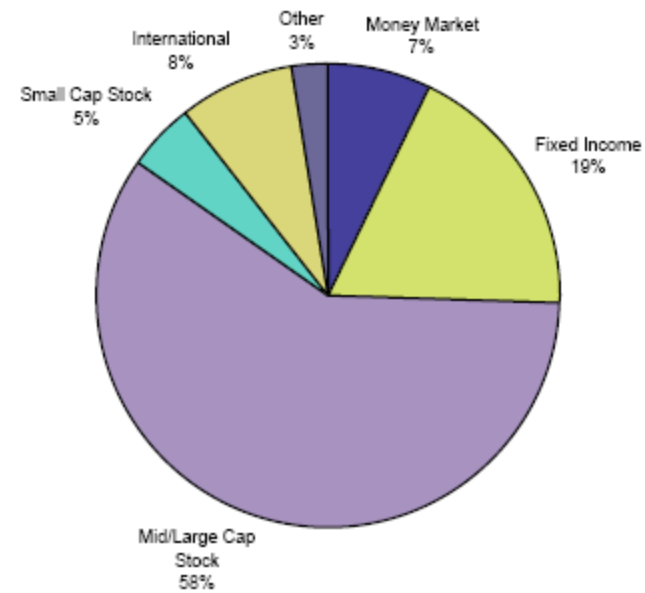
as of 9/30/2008

## NORTH DAKOTA PUBLIC EMPLOYEES' DEFINED CONTRIBUTION PLAN RETIREMENT BD OF PUBLIC EE



Total Market Value: \$15,299,328

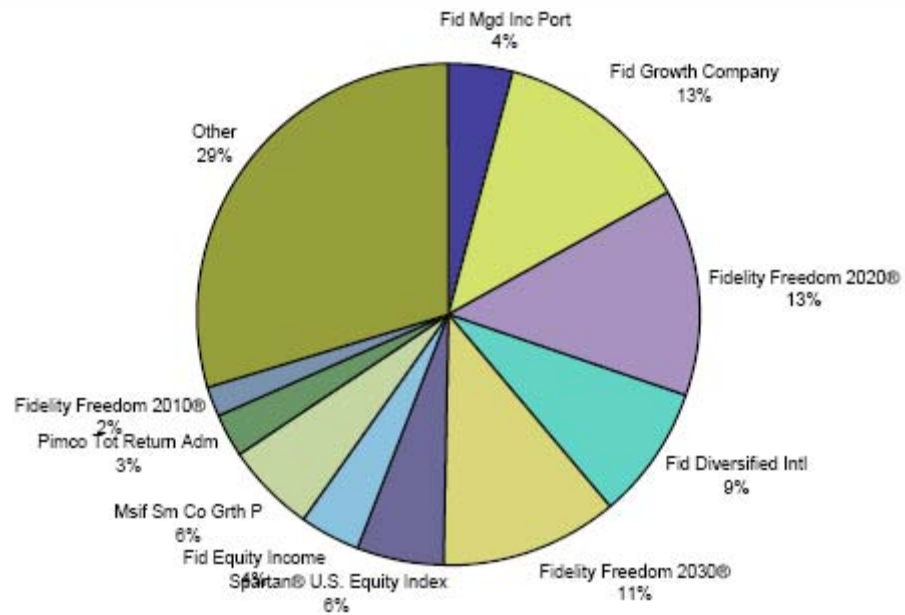
## AVG. FITSCO PUBLIC SECTOR\*



Average Market Value: \$146,946,303

# Contribution Allocation

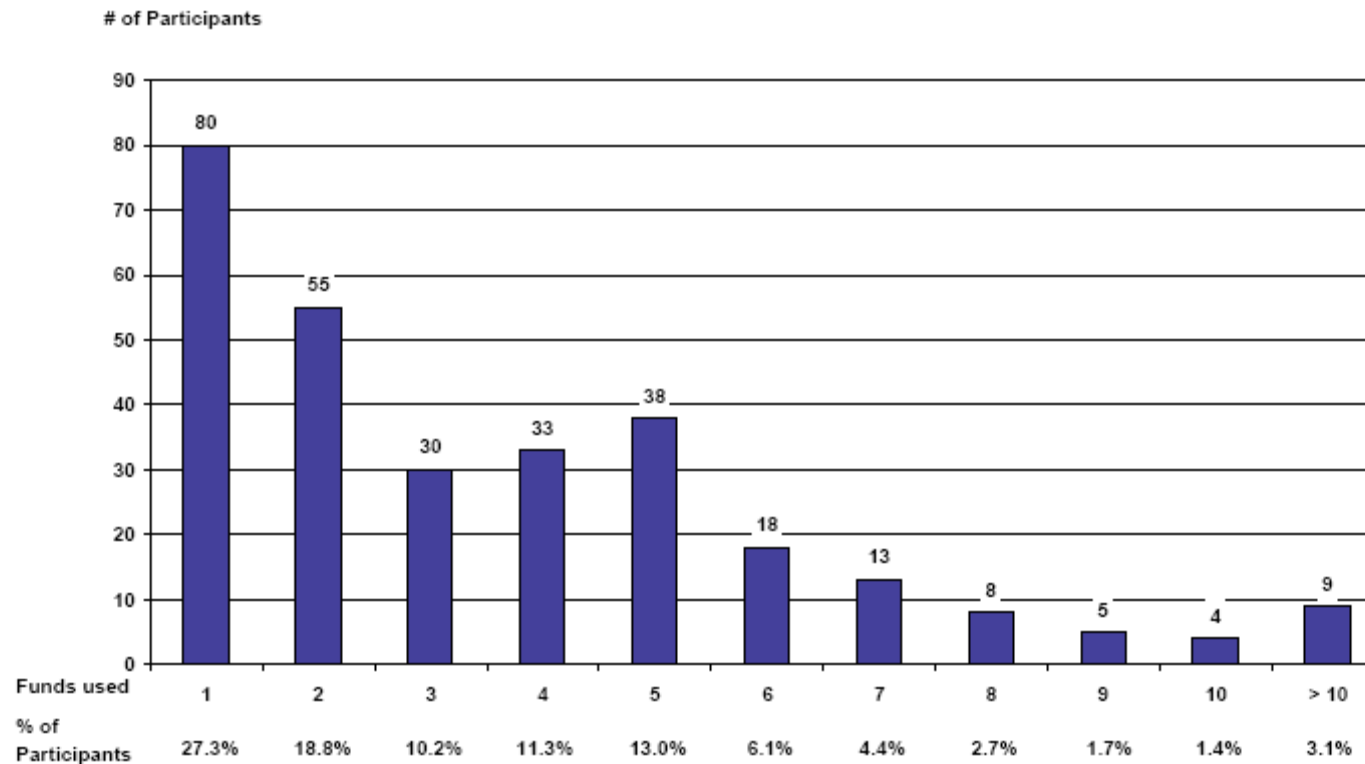
10/1/2007 - 9/30/2008



Total Contributions: \$1,127,045

# Number of Funds per Participant

as of 9/30/2008



Average Investment  
options used in this plan:  
3.5

- AVG. FITSCO PUBLIC SECTOR offers 65.6 funds.
- An AVG. FITSCO PUBLIC SECTOR participant uses 3.1 funds.

# NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN INVESTMENT OPTIONS

## PERFORMANCE UPDATE

AS OF SEPTEMBER 30, 2008

### UNDERSTANDING INVESTMENT PERFORMANCE

As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance, call Fidelity at 1-800-343-0860 or visit <https://www.mysavingsatwork.com> (log in, choose plan, select "Investment Choices & Research," and then pick investment option).

Fund ID	Name	Cumulative Total Returns %		Average Annual Total Returns %					Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio↕
		3 Month	YTD	1 Year	5 Year	10 Year	Life of Fund				
LIFE-CYCLE FUNDS➡											
FFFBX	Fidelity Freedom 2000	-4.38	-6.35	-6.43	3.37	4.53	5.72	10/17/96	n/a	0.51	
FFVX	Fidelity Freedom 2005	-8.22	-12.69	-13.19	n/a	n/a	3.63	11/06/03	n/a	0.64	
FFFCX	Fidelity Freedom 2010	-8.62	-13.09	-13.60	4.23	5.12	6.52	10/17/96	n/a	0.65	
FFVFX	Fidelity Freedom 2015	-9.15	-14.30	-14.97	n/a	n/a	4.27	11/06/03	n/a	0.67	
FFFDX	Fidelity Freedom 2020	-10.77	-17.07	-18.08	5.27	5.17	6.62	10/17/96	n/a	0.72	
FFTWX	Fidelity Freedom 2025	-11.24	-17.92	-19.01	n/a	n/a	4.45	11/06/03	n/a	0.73	
FFEX	Fidelity Freedom 2030	-12.36	-20.12	-21.47	5.53	4.84	6.29	10/17/96	n/a	0.76	
FFTHX	Fidelity Freedom 2035	-12.65	-20.55	-22.01	n/a	n/a	4.53	11/06/03	n/a	0.77	
FFFX	Fidelity Freedom 2040	-13.09	-21.21	-22.69	5.76	n/a	-0.60	9/06/00	n/a	0.78	
FFGX	Fidelity Freedom 2045	-13.03	-21.46	-23.06	n/a	n/a	-2.73	6/01/06	n/a	0.78	
FFHFX	Fidelity Freedom 2050	-13.73	-22.47	-24.10	n/a	n/a	-3.17	6/01/06	n/a	0.80	
FFFAX	Fidelity Freedom Income	-3.92	-5.29	-5.21	3.13	4.06	4.94	10/17/96	n/a	0.49	
MANAGED INCOME / ANNUITIES / STABLE VALUE											
00632	Managed Income Portfolio➡	0.83	2.99	4.14	4.08	4.78	5.59	9/07/89	n/a	n/a	
BOND FUNDS➤											
PTRAX	PIMCO Total Return - Administrative Class	-2.13	-0.33	3.51	4.05	5.49	6.81	9/08/94	n/a	0.68	
BALANCED/HYBRID FUNDS											
FPURX	Fidelity Puritan®	-9.09	-16.17	-17.13	5.18	4.98	11.18	4/16/47	n/a	0.60	
DOMESTIC EQUITY FUNDS - LARGE-CAP VALUE											
FEQIX	Fidelity Equity-Income	-10.92	-23.81	-28.47	4.49	4.17	11.90	5/16/66	n/a	0.66	
TESIX	Mutual Shares - A Class	-6.82	-20.35	-22.27	6.17	7.76	8.02	11/01/96	n/a	1.07	

For explanations of symbols and important disclosures, please see last page(s) of this report.

continued



## AS OF SEPTEMBER 30, 2008

Fund ID	Name	Cumulative Total Returns %		Average Annual Total Returns %					Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio↕
		3 Month	YTD	1 Year	5 Year	10 Year	Life of Fund				
DOMESTIC EQUITY FUNDS - LARGE-CAP BLEND											
FDGFX	Fidelity Dividend Growth	-10.68	-22.14	-26.66	1.73	3.15	10.24	4/27/93	n/a	0.64	
FUSEX	Spartan® U.S. Equity Index - Investor Class	-8.39	-19.32	-22.04	5.08	2.94	9.78	2/17/88	n/a	0.10	
DOMESTIC EQUITY FUNDS - LARGE-CAP GROWTH											
FBGRX	Fidelity Blue Chip Growth	-9.22	-18.41	-18.93	3.13	1.28	10.43	12/31/87	n/a	0.58	
FDGRX	Fidelity Growth Company	-18.31	-22.78	-22.14	7.17	6.33	12.86	1/17/83	n/a	0.94	
DOMESTIC EQUITY FUNDS - MID-CAP VALUE📉											
GCMAX	Goldman Sachs Mid Cap Value - Class A	-13.78	-16.97	-19.58	9.67	10.60	8.13	8/15/97	n/a	1.16	
DOMESTIC EQUITY FUNDS - MID-CAP BLEND📉											
PESPX	Dreyfus Mid Cap Index	-10.96	-14.57	-16.94	8.20	9.74	11.80	6/19/91	n/a	0.51	
FSEMX	Spartan® Extended Market Index - Investor Class	-9.42	-16.43	-19.12	8.41	6.80	5.20	11/05/97	0.75/90	0.10	
DOMESTIC EQUITY FUNDS - MID-CAP GROWTH📉											
FMCSX	Fidelity Mid-Cap Stock	-24.04	-26.41	-30.48	5.37	8.33	10.94	3/29/94	0.75/30	0.95	
DOMESTIC EQUITY FUNDS - SMALL-CAP VALUE📈											
PVADX	Allianz NFJ Small Cap Value - Administrative Class	-4.57	-6.79	-10.26	12.86	12.29	12.61	11/01/95	n/a	1.07	
DOMESTIC EQUITY FUNDS - SMALL-CAP BLEND📈											
DISSX	Dreyfus Small Cap Stock Index	-0.66	-7.92	-13.90	9.54	9.62	7.95	6/30/97	n/a	0.51	
DOMESTIC EQUITY FUNDS - SMALL-CAP GROWTH📈											
MSSMX	MSIF Small Company Growth - P Class	-12.94	-24.54	-28.32	5.43	9.73	9.24	1/02/96	2.00/30	1.26	
INTERNATIONAL/GLOBAL FUNDS††											
FDIVX	Fidelity Diversified International	-20.84	-28.50	-28.79	10.43	9.73	9.86	12/27/91	1.00/30	0.93	

## MARKET INDICATORS^^

For comparison purposes only. It is not possible to invest directly in these indicators.

Dow Jones Industrial Average	-3.71	-16.59	-19.85	5.60	5.45
Lehman Brothers Intermediate U.S. Government/Credit Index	-1.19	0.22	3.13	3.25	4.96
MSCI EAFE® Index	-20.56	-29.16	-30.39	9.91	5.26
Standard & Poor's 500® Index	-8.37	-19.29	-21.98	5.17	3.06

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of fund figures are reported as of the inception date to the period indicated. These figures do not include the effects of sales charges, if any, as these charges are waived for contributions made through your company's employee benefit plan. If sales charges were included, returns would have been lower.

With the exception of domestic equity mutual funds, investment options have been assigned to investment categories based on Fidelity's analysis. Fidelity has verified the accuracy of the placement of certain third-party non-mutual funds with either the plan sponsor or the plan sponsor's consultant. Within Domestic Equities, mutual funds are listed according to their actual Morningstar categories as of the date indicated. Morningstar categories are based on a fund's style as measured by its underlying portfolio holdings over the past 3 years and may change at any time. These style calculations do not represent the funds' objectives and do not predict the funds' future styles.

### SPECIFIC FUNDS

Morningstar, Inc., provided data on the non-Fidelity mutual funds. Although the data is gathered from reliable sources, accuracy and completeness cannot be guaranteed by Morningstar.

↕ For a mutual fund, the expense ratio is the total annual fund or class operating expenses (before waivers or reimbursements) paid by the fund and stated as a percent of the fund's total net assets. Where the investment option is not a mutual fund, the figure displayed in the expense ratio field is intended to reflect similar information. However, it may have been calculated using methodologies that differ from those used for mutual funds. Mutual fund data has been drawn from the most recent prospectus. For non-mutual fund investment options, the information has been provided by the trustee or plan sponsor. When no ratio is shown for these options it is due to the fact that none was available. Nevertheless, there may be fees and expenses associated with the investment option.

⇒ Managed Income Portfolio is not a mutual fund but is a commingled pool of the Fidelity Group Trust for Employee Benefit plans. It is managed by Fidelity Management Trust Company.

AS OF SEPTEMBER 30, 2008

#### MARKET INDICATORS

<sup>AA</sup> Indices are unmanaged and you cannot invest directly in an index.  
**Dow Jones Industrial Average (DJIA)**, published by Dow Jones and Company, is an unmanaged average of 30 actively traded stocks (primarily industrial) and assumes reinvestment of dividends. It is not offered as a comparison for any investment option but rather as a general stock market indicator.  
**Lehman Brothers Intermediate U.S. Government/Credit Index** is an unmanaged, market-value weighted index of government and investment-grade corporate fixed-rate debt issues with maturities between one and ten years.  
**Morgan Stanley Capital International Europe, Australasia, and Far East (MSCI EAFE®) Index** is a market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of developed stock markets outside the United States and Canada and excludes certain market segments unavailable to U.S.-based investors. Index returns for periods after January 1, 1997, are adjusted for tax withholding rates applicable to U.S.-based mutual funds organized as Massachusetts business trusts.  
**The Standard & Poor's 500™ Index (S&P 500®)** is a registered service mark of the McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks.

#### INVESTMENT RISK

- ➡ These funds are subject to the volatility of the financial markets in the U.S. and abroad and may be subject to the additional risks associated with investing in high-yield, small-cap and foreign securities.
- In general, bond prices rise when interest rates fall, and vice versa. This effect is usually more pronounced for longer-term securities.
- ⚖ Investments in mid-sized companies may involve greater risks than those of larger, more well-known companies, but may be less volatile than investments in smaller companies.
- ◆ Investments in smaller companies may involve greater risks than those of larger, more well-known companies.
- †† Foreign investments, especially those in emerging markets, involve greater risk and may offer greater potential returns than U.S. investments. This risk includes political and economic uncertainties of foreign countries, as well as the risk of currency fluctuation.

**Before investing in any investment option, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call Fidelity at 1-800-343-0860 or visit [www.fidelity.com](http://www.fidelity.com) for a free mutual fund prospectus or variable annuity prospectus. For information on fixed annuities, contact Fidelity to request a fact sheet. Read them carefully before you invest.**